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SUBJECT: MEDIA REACTION: ECONOMY, AFGHANISTAN, ISRAEL, IRAQ-TURKEY,  
NATO, RUSSIA, AFRICA-CHINA

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#### [¶1.](#) Lead Stories Summary

ZDF-TV's early evening newscast Heute and ARD-TV's early evening newscast Tagesschau opened with stories on the U.S. government's plan to stabilize banks with a combination of public and private funds that could total one trillion dollars. This morning's Heute newscast opened with the commitment of some AIG managers to repay their bonuses. Newspapers led with stories on the agreement of Abu Dhabi's Aabar Investments to become carmaker Daimler's largest shareholder, and the U.S. plan to rescue the banking system. Editorials focused on a range of economic stories, such as Daimler, the U.S. bank rescue plan, and AIG bonus payments.

#### [¶2.](#) U.S. Bailout Plan

ARD-TV's late evening newscast Tagesthemen broadcast the following commentary: "The American people are currently paying for the mistakes of the government and banks. Treasury Secretary Geithner used clear words aimed at the incredible mistakes of the Bush predecessor government. But these words also sound like slogans of a politician who stands with his back to the wall, too. Now a new bailout package is to bring a turnaround for Geithner and the Obama administration. It entered office with the promise to end the excesses at the financial markets once and for all. It has now arrived in the real world."

Under the headline: "Dance with a Zombie," Sueddeutsche Zeitung argued: "After listening to Geithner's plan, the listeners immediately come up with one question: If everything is so simple, why has thus far no one come up with this idea? The answer: because

at least one of the actors will lose, namely the American people. In his new version, the Geithner plan is so complicated that its effects cannot be forecast now. But there are two indications why the taxpayers will lose: First, they are supposed to finance the purchase of the [toxic] bonds...and second, the investors are safe because of state guarantees shouldered by the American people. Following each bailout package for the banks, the financial crisis seemed to have been resolved, but each time, it came back like a zombie. Now Geithner is asking this zombie for a dance. It is really an absurd idea to allow the financial sector, which caused the crisis, to profit from a solution to the crisis. There is a radical alternative: the state must take over control of those banks which would otherwise go down - and for this risk, it must make profits from the sale of toxic assets on its own. This variant smells of socialism, it would require the shareholders to make greater sacrifices, and would not create a big business for hedge funds, but it is much fairer than the Treasury Secretary's plan."

According to Handelsblatt, "the U.S. government is finally tackling the core of the problem by buying illiquid assets with the support of private investors. Without cleaning the balance sheets of banks, the credit markets cannot be revived and the economy will not get going again. But two questions will be decisive for a successful bailout plan: Is the volume high enough? And will prices build that will clean the market of illiquid assets? Nevertheless, it is worthwhile for the taxpayer to accept these risks, not only because there is no alternative to the Geithner plan but also because these assets are not only made up of useless junk. If this plan succeeds and if the panic is replaced by economic calculations, it would not only be the first step out of this quagmire, but the costs would also be much smaller than feared."

Financial Times Deutschland editorialized on its front page: "The great irony of Geithner's plan is that he basically comes back to the plan which his predecessor Hank Paulson wanted to implement half a year ago to restructure the banks. Geithner now wants to implement the failed concept by using those instruments that were responsible for so many financial problems: private investors will now de facto get the possibility to speculate with taxpayers' money. Geithner proudly said: 'We are the United States, not Sweden.' But the great risk he is now taking is that the enormous amount of money is not clearly targeted enough. This maneuver cannot be repeated as often as he likes."

Die Welt editorialized: "Barack Obama and Timothy Geithner are on the offensive again. First, Congress adopted populist bills on the taxation of bonus payments and yesterday, Geithner presented the Public Private Investment Program, which is a political, but probably also, an economic, act of liberation. Treasury Secretary Geithner's plan could turn out to be the golden way out of the financial crisis. The governments in Europe are well-advised to closely follow this experiment."

Regional daily Kieler Nachrichten noted: "It is pure despair which has driven the U.S. Treasury Secretary to develop the new banking bailout plan. Even though the U.S. government has been pumping billions of dollars into the financial markets, the core problem, which has really caused the recession, remains unchanged. There is no market for toxic assets. And as long as this does not change, all attempts to get the economy going again must fail."

According to die tageszeitung, "the U.S. administration is obviously willing to pay almost every price to avoid taking over the banks, even though this would be cheaper; it can be ruled out that private investors make profits with state banks. But U.S. politicians seem to fear that they could be accused of pursuing a 'socialist' policy. As far as the ideology is concerned, the investment bankers have now won. This message of the Geithner plan will have global consequences. The taxpayer will have to pay the damage."

### 13. U.S. Strategy on Afghanistan

Several papers carried reports on the review of U.S. strategy on Afghanistan, focusing particularly on President Obama's CBS interview and Special Representative for Afghanistan and Pakistan Richard Holbrooke's talks with NATO and EU representatives in Brussels. Berliner Zeitung's intro said: "President Obama's new strategy on Afghanistan does not rule out the possibility of

withdrawal." FT Deutschland headlined: "Obama is searching for the exit from Afghanistan."

Frankfurter Allgemeine headlined "Dissent over expanding Afghan police forces" and reported that "the international discussion on the new strategy to stabilize Afghanistan is still at odds over the division of labor in the buildup of Afghan police forces. While the EU began to talk about deploying European police officers in the country, Americans want NATO to take the lead in this mission."

Sueddeutsche wrote on the President's CBS interview that "Obama reveals how he wants to resolve the problem of Afghanistan," highlighting that he "wants a clear plan to end the mission in Afghanistan." The paper raised expectations for next week's POTUS visit to Europe: "Obama's statements are further details of the new American strategy on Afghanistan, which the President wants to present to Europe next week.... Obama's recent statement, however, do not suggest a quick end to the mission."

die tageszeitung editorialized on the new U.S. strategy: "Day by day, the discussion focuses on a new issue in Afghanistan.... Many of the proposals are worth consideration but the uncoordinated and arbitrary way they are presented does not make the impression of a thorough and fully developed change of strategy. It looks like conceptual chaos, if not even like panic in the face of defeat. Given this chaos, it is not convincing to talk about an exit strategy.... 'Change we can believe in' must be communicated differently in Afghanistan."

#### ¶4. U.S. Budget Draft

Frankfurter Allgemeine had this to say: "President Obama understands this serious economic crisis as a chance to readjust the relationship between market and state. Evidence of this is the budget draft for next year and the time thereafter. The president pins his hopes on higher taxes for wealthy American, state intervention to protect the climate, and improved control of the healthcare sector. In addition, the actors in the financial markets are to be controlled much better than in the past with more regulatory measures. This corresponds to the spirit of the time and meets with support among the America people. But the president should not succumb to the fallacy that only greedy Wall Street bankers are to be blamed for the crisis. The state, too, has failed because it set false incentives and contributed to the development of the bubble on the housing market. Obama must see to it that he does not overshoot the mark and paralyze the very forces he wants to strengthen: corporate spirit and the willingness of the people to take risks."

#### ¶5. Obama on AIG Bonuses

In the view of Sueddeutsche Zeitung, "all of a sudden, President Obama has constitutional concerns about the AIG bill. This is reasonable, but the question is why he did not present his concerns a week ago. This vacillation does not cast a favorable light on the president. He acted in an opportunistic way. Obama promised a new straightforwardness in his policies. But the staggering course of the past few days has now damaged him."

Financial Times Deutschland observed: "It is extraordinary that President Obama is losing popularity. In order to explain this decline, it is not enough to refer to historic challenges. But liberal and conservatives in the U.S. expect the president to demonstrate a similar degree of leadership, inspiration, and clear communication as he demonstrated as election campaigner. Instead, Obama is sending contradictory signals by showing his outrage at bonus payments for AIG managers without having done anything to prevent them. Obama's problem is not so much that he had to make painful decisions but that he changed course too often. Four years before the next elections, Obama could well afford to make decisions that could damage him in opinion polls. But the president of the biggest economic power in the world cannot do without a clear course - even though he will not always get the necessary applause for these decisions."

#### ¶6. New Israeli Government

Sueddeutsche Zeitung editorialized: "In the elections, Ehud Barak's Labor Party achieved the worst result in its history, but Barak

wants to use all his might to keep the portfolio of the defense minister. That is why he is now betraying the ideals of his party. He is negotiating a coalition with designated prime minister Netanyahu, thus approving the sellout of his principles. Netanyahu wants to lull the world into believing that he will form a grand coalition with Barak's Social Democrats. But he needs the Likud Party not to govern but as a fig leaf for his hopelessly right-wing coalition."

Regional daily Braunschweiger Zeitung opined: "Benjamin Netanyahu has decided to play a risky game: to form a coalition of faltering candidates. He succeeded in winning the support of the nationalist 'Our House' and of the ultra-orthodox Shas parties. But this is still not enough to form a coalition majority. It would be perfect only if the Labor party joined the coalition. And its chairman Ehud Barak is only waiting. If this coup succeeded, it would be like putting a bomb in charge so to speak. Our House chairman Avigdor Lieberman can imagine the Israeli army acting in a similar way as the Russians did in Chechnya. Barak, in turn, does not seem to have problems with his kow-tow to Likud. In the long run, there is no way this coalition will work."

#### ¶7. Turkish President Gul Visits Iraq

Die Welt reported: "For the first time in 33 years, a Turkish head of state is visiting Iraq. President Gul arrived in Bagdad for a two-day visit.... Turkey and Iraq want to take joint action against the rebels of the Kurdish Worker's Party, who are operating in the north of Iraq. Talabani and Gul agreed on this common regional front."

Tagesspiegel commented: "Realpolitik is gaining ground in the difficult relations between Turkey and Iraq. In recent years, Ankara has been postponing a new beginning with its southeastern neighbor, fearing that too close contacts could promote the establishment of a Kurdish state in northern Iraq. Turkey has realized that it can permanently weaken the PKK rebels only together with the Iraqis. In addition: in a few years the Americans will have withdrawn from Iraq, but the Turks and Iraqis will still be there and have to find an arrangement.... Ankara and Bagdad are obviously prepared to tackle the problems together. If both sides stick to the current policy, not only Turks and Iraqis will benefit from it."

#### ¶8. 10th Anniversary of NATO Intervention

Sueddeutsche Zeitung is of the opinion that "NATO's war against Serbia was the prototype of a conflict which has been pestering the world until today. On this small theater in Kosovo, all those villains, do-gooders?, religious fanatics, legalists, and military strategist came together who are still determining the suffering and the happiness of the world today. That is why the Kosovo conflict was the first conflict of a new era. And today, the community of nations still raises the question in many conflicts when it or part of it is allowed to intervene in other states. International law has not given an answer for more than ten years. The UN has discovered 'the duty to protect,' which is a minor club to use against all governments that fail in their work and violate elementary moral principles. The United States has abused? this right to intervene, invented a reason for war in Iraq and discredited itself with its missionary ideas to democratize others. But this moral exuberance has disappeared today. What is left is the insight that international law still does not fight injustice in the world and that the UN is too weak to offer a legitimate reason to intervene."

Regional daily Mdrkische Oderzeitung of Frankfurt on the Oder opined: "NATO's military mission against the former Yugoslavia in 1999 was politically and morally right beyond all the questions of international law that influenced the decision ten years ago. Following the bloody consequences of his nationalist policy in Croatia and Bosnia, dictator Slobodan Milosevic had to be stopped. Without NATO's actions, there would have been a lasting and massive expulsion of the Albanian population from the Serbian province of Kosovo.".

#### ¶9. Future NATO Secretary General

Die Welt commented on the increasing number of reports suggesting that Danish Prime Minister Rasmussen will be appointed NATO secretary general. "Is Rasmussen's appointment innovative? Twenty years after the downfall of the Soviet empire and the fall of the Iron Curtain, NATO's leadership still reflects the time of the Cold War as if nothing has happened since autumn 1989. The time would have been ripe to appoint an eastern European. One could also have considered a French candidate."

#### ¶10. Russian Democracy

Frankfurter Allgemeine commented on President Medvedev's decision to fire Murmansk Governor Yury Yevdokimov, saying that Yevdokimov "contributed to the embarrassing defeat of Unified Russia by promoting an independent candidate. This was it. The governor violated the rules of the game: not the people but the Kremlin makes the decision on who wins the elections."

#### ¶11. South Africa Bans Dalai Lama Visit

Berliner Zeitung analyzed: "The Dalai Lama must stay out of South Africa.... Because China is a very important partner for South Africa - politically and economically - the order was given to deny the Dalai Lama a visa. South Africa is not as important as Germany, Britain or France, which can stand their ground better against China because of their power.... South Africa will therefore do nothing that could impede relations with China. And the door to Johannesburg will remain closed for the Nobel Peace Prize winner."

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